

MAR 10 1999
LOCAL GOVERNMENT

HOUSE FILE 592
BY SHOULTZ

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to bond issuance elections and authorizing a
2 county, city, or school district to impose an income surtax to
3 partially fund certain bonds and providing for the Act's
4 applicability.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 592

1 Section 1. Section 75.1, Code 1999, is amended to read as
2 follows:

3 75.1 BONDS -- ELECTION -- VOTE REQUIRED.

4 1. When a proposition to authorize an issuance of bonds by
5 a county, township, school corporation, city, or by any local
6 board or commission, is submitted to the electors, such the
7 proposition shall not be deemed carried or adopted, anything
8 in the statutes to the contrary notwithstanding, unless is
9 adopted if the vote in favor of such authorization is equal to
10 at least sixty percent of the total vote cast for and against
11 said the proposition at said the election.

12 2. Notwithstanding subsection 1, if principal and interest
13 on bonds issued by a county, school corporation, or city are
14 to be paid in part with revenue from a local income surtax
15 imposed under section 76.19, the proposition shall so state
16 and the proposition is adopted if the vote in favor of the
17 proposition is equal to at least a majority of the total vote
18 cast for and against the proposition at the election.

19 However, a bond issuance proposition proposing imposition of
20 an income surtax shall not be presented to the electors if in
21 the first year the income surtax is imposed the total of all
22 income surtaxes authorized by law and imposed in that year on
23 any taxpayer in the political subdivision imposing the surtax
24 would exceed twenty percent. Upon request of the governing
25 authority, the department of management shall certify the
26 cumulative rate of income surtax being imposed in the
27 political subdivision.

28 3. All ballots cast and not counted as a vote for or
29 against the proposition shall not be used in computing the
30 total vote cast for and against said the proposition.

31 4. When a proposition to authorize an issuance of bonds
32 has been submitted to the electors under this section and the
33 proposal fails to gain approval by the required percentage of
34 votes, such proposal, or any proposal which incorporates any
35 portion of the defeated proposal, shall not be submitted to

1 the electors for a period of ~~six~~ twelve months from the date
2 of such regular or special election.

3 Sec. 2. Section 76.1, Code 1999, is amended to read as
4 follows:

5 76.1 MANDATORY RETIREMENT.

6 ~~Hereafter-issues~~ Issues of bonds of every kind and
7 character by counties, cities, and school corporations shall
8 be consecutively numbered. The annual levy of property tax or
9 a combination of property tax levy and income surtax imposed
10 as provided in section 76.19, if authorized by an election
11 held pursuant to section 75.1, shall be sufficient to pay the
12 interest and approximately such portion of the principal of
13 the bonds as will retire them in a period not exceeding ~~twenty~~
14 twenty-two years from date of issue. Each issue of bonds
15 shall be scheduled to mature serially in the same order as
16 numbered.

17 Sec. 3. Section 76.2, Code 1999, is amended to read as
18 follows:

19 76.2 MANDATORY LEVY -- OBLIGATIONS IN ANTICIPATION OF
20 LEVY.

21 The governing authority of these political subdivisions
22 before issuing bonds shall, by resolution, provide for the
23 assessment of an annual levy upon all the taxable property in
24 the political subdivision, or the assessment of an annual
25 property tax levy and imposition of an income surtax under
26 section 76.19, sufficient to pay the ~~interest-and~~ principal
27 and interest of the bonds within a period named not exceeding
28 twenty-years that provided in section 76.1. A certified copy
29 of this resolution shall be filed with the county auditor ~~or~~
30 ~~the-auditors of the-counties~~ each county in which the
31 political subdivision is located; and ~~the~~ this filing shall
32 make it a duty of the ~~auditors~~ auditor to enter annually this
33 levy for collection from the taxable property within the
34 boundaries of the political subdivision until funds are
35 realized to pay the bonds in full. The property tax levy

1 shall continue to be made against property that is severed
2 from the political subdivision and the income surtax shall
3 continue to be imposed upon the residents of any area severed
4 from the political subdivision after the filing of the
5 resolution until funds are realized to pay the bonds in full.

6 If the a resolution which does not include imposition of an
7 income surtax is filed prior to April 1 or May 1, if the
8 political subdivision is a school district, the annual
9 property tax levy shall begin with the tax levy for collection
10 commencing July 1 of that year. If the resolution is filed
11 after April 1 or May 1, in the case of a school district, the
12 annual levy shall begin with the tax levy for collection in
13 the next succeeding fiscal year. However, the governing
14 authority of a political subdivision may adjust a levy of
15 taxes made under this section for the purpose of adjusting the
16 annual levies and collections for property severed from the
17 political subdivision, subject to the approval of the director
18 of the department of management.

19 If the resolution includes imposition of a local income
20 surtax, the annual property tax levy shall begin with the tax
21 levy for collection commencing July 1 of the calendar year
22 subsequent to the calendar year in which the resolution is
23 filed. However, the governing authority of a political
24 subdivision may adjust a levy of taxes made under this section
25 or rate of the income surtax under section 76.19 for the
26 purpose of adjusting the annual property tax levy or rate of
27 the surtax and collections for property severed from the
28 political subdivision, subject to the approval of the director
29 of the department of management.

30 If the resolution includes the imposition of a local income
31 surtax and it is filed with the department of revenue and
32 finance prior to August 1, the imposition of the surtax is
33 retroactive to January 1 of that calendar year. If the
34 resolution is filed with the department of revenue and finance
35 on or after August 1, the imposition of the income surtax is

1 January 1 of the next calendar year.

2 If funds, including reserves and amounts available for
3 temporary transfer, are ~~found-to-be~~ insufficient to pay in
4 full any installment of principal or interest, a public issuer
5 of bonds may anticipate the next levy of property taxes
6 pursuant to this section or the imposition of an income surtax
7 under section 76.19 in the manner provided in chapter 74,
8 whether the taxes so anticipated are to be collected in the
9 same or a future fiscal year.

10 To further secure the payment of the bonds, the governing
11 authority shall, by resolution, provide for the assessment of
12 an annual levy of a standby tax upon all taxable property
13 within the political subdivision. A copy of the resolution
14 shall be sent to the county auditor of each county in which
15 the political subdivision is located. The revenues from the
16 standby tax shall be deposited in a special fund and shall be
17 expended only for the payment of principal of and interest on
18 the bonds issued as provided in this section, when the revenue
19 from an income surtax as provided in section 76.19 is
20 insufficient. No reserves may be built up in this fund in
21 anticipation of a projected default. The governing authority
22 shall adjust the annual standby property tax levy for each
23 year to reflect the amount of revenues in the special fund and
24 the amount of principal and interest which is due in that
25 year.

26 Sec. 4. Section 76.4, Code 1999, is amended to read as
27 follows:

28 76.4 PERMISSIVE APPLICATION OF FUNDS.

29 Whenever If the governing authority of such a political
30 subdivision ~~shall-have~~ has on hand funds derived from any
31 other a source other than taxation which may be appropriated
32 to the payment either of interest or principal, or both
33 principal and interest of such bonds, such the funds may be so
34 appropriated and used and the property tax levy and income
35 surtax, if imposed, for the payment of the bonds

1 correspondingly reduced.

2 Sec. 5. Section 76.7, Code 1999, is amended to read as
3 follows:

4 76.7 PARTICULAR BONDS AFFECTED -- PAYMENT.

5 Counties, cities, and school corporations may at any time
6 ~~or-times~~ extend or renew any legal indebtedness or any part
7 thereof of the indebtedness they may have represented by bonds
8 or certificates where such the indebtedness is payable from a
9 limited annual property tax or from a voted annual property
10 tax or from a local income surtax imposed under section 76.19,
11 and may by resolution fund or refund the same legal
12 indebtedness and issue bonds ~~therefor~~ running not more than
13 twenty years to be known as funding or refunding bonds, and
14 make provision for the payment of the principal and interest
15 ~~thereof~~ from the proceeds of an annual property tax or annual
16 property tax and local income surtax for the period covered by
17 such bonds similar to the tax authorized by law or by the
18 electors for the payment of the indebtedness so extended or
19 renewed.

20 Sec. 6. NEW SECTION. 76.19 INCOME SURTAX.

21 1. An income surtax may be imposed by a political
22 subdivision as provided in this section, but only if
23 authorized by the electors as provided in section 75.1.

24 2. The income surtax shall be imposed upon state income
25 taxes computed under section 422.5, less credits allowed in
26 sections 422.11A, 422.11B, 422.12, and 422.12B, and shall be
27 imposed upon the state income tax for each calendar year, or
28 for a taxpayer's fiscal year ending during the second half of
29 that calendar year or the first half of the succeeding
30 calendar year, and shall be imposed on all taxpayers residing
31 in the political subdivision on the last day of the applicable
32 tax year, and on taxpayers residing in areas severed from the
33 political subdivision as provided in section 76.2.

34 3. The income surtax shall be imposed to collect an amount
35 that is equivalent to sixty percent of the sum of the

1 principal and interest of the bonds over the life of the
2 bonds. The rate of the income surtax may be adjusted in any
3 year for the sole purpose of assuring that an amount
4 equivalent to sixty percent of the principal and interest over
5 the life of the bonds is collected.

6 4. At the time of the annual levy under section 76.2, the
7 governing authority of the political subdivision shall also
8 provide in the resolution for the imposition of the income
9 surtax and shall certify to the department of management such
10 sum expressed in dollars. The department shall determine the
11 rate of income surtax to be imposed based upon the most recent
12 available figures from state income taxes paid by taxpayers
13 residing in the political subdivision. The department shall
14 continue to make such calculations and certify the income
15 surtax rate to the auditor of the political subdivision with
16 adjustments as provided in this section until the principal
17 and interest on the bonds are paid in full. On or before
18 November 1 of each year in which the income surtax is
19 collected, the director of revenue and finance shall deposit
20 with the treasurer of the political subdivision the entire
21 amount of income surtax collected from taxpayers residing in
22 the political subdivision.

23 5. The costs of administration shall be determined by the
24 department of revenue and finance, and shall be based on a
25 share of the total cost of administering the department, in
26 the same proportion as the amount of income surtax collected
27 is to the amount of state income taxes collected.

28 6. The director of revenue and finance shall administer
29 the income surtax imposed under this chapter and sections
30 422.4, 422.20 through 422.31, 422.68, and 422.72 through
31 422.75 shall apply with respect to administration of the
32 income surtax.

33 Sec. 7. NEW SECTION. 76.20 INCOME TAX RETURNS.

34 An income surtax imposed under section 76.19 shall be made
35 a part of the Iowa individual income tax return subject to the

1 conditions and restrictions set forth in section 422.21. The
2 director of revenue and finance shall provide on income tax
3 returns a requirement that each person required to file a
4 return numerically identify the city of residence of the
5 taxpayer and the merged area in which the taxpayer resides.

6 Sec. 8. NEW SECTION. 76.21 DESIGNATION OF TAX.

7 An income surtax imposed under section 76.19 by a school
8 district shall be designated as a school debt service income
9 surtax, an income surtax imposed by a merged area shall be
10 designated as a merged area debt service income surtax, an
11 income surtax imposed by a city under section 76.19 shall be
12 designated a city debt service income surtax, and an income
13 surtax imposed by a county shall be designated a county debt
14 service income surtax.

15 Sec. 9. Section 260C.21, Code 1999, is amended to read as
16 follows:

17 260C.21 ELECTION TO INCUR INDEBTEDNESS.

18 1. No indebtedness shall be incurred under section 260C.19
19 until authorized by an election. A proposition to incur
20 indebtedness and issue bonds for community college purposes
21 shall be deemed ~~carried~~ adopted in a merged area if approved
22 by a sixty percent majority of all voters voting on the
23 proposition in the area. However, if the board elects to
24 partially fund the bonds with revenues from a local income
25 surtax, in addition to property tax revenues, the ballot
26 proposition to authorize the issuance of the bonds shall be
27 submitted to the electorate pursuant to section 75.1,
28 subsection 2.

29 2. Notwithstanding subsection 1, if the costs of utilities
30 are paid by a community college with funds derived from the
31 levy authorized under section 260C.22, the community college
32 may use the general fund moneys that would have been used to
33 pay the costs of utilities for capital expenditures, may
34 invest the funds, or may incur indebtedness without an
35 election, provided that the payments on the indebtedness

1 incurred, and any interest on the indebtedness, can be made
2 using general funds of the community college and the total
3 payments on the principal and interest on the indebtedness do
4 not exceed the amount of the costs of the utilities.

5 Sec. 10. Section 296.1, Code 1999, is amended to read as
6 follows:

7 296.1 INDEBTEDNESS AUTHORIZED.

8 Subject to the approval of the voters thereof, school
9 districts are hereby authorized to contract indebtedness and
10 to issue general obligation bonds to provide funds to defray
11 the cost of purchasing, building, furnishing, reconstructing,
12 repairing, improving or remodeling a schoolhouse or
13 schoolhouses and additions thereto, gymnasium, stadium, field
14 house, school bus garage, teachers' or superintendent's home
15 or homes, and procuring a site or sites therefor, or
16 purchasing land to add to a site already owned, or procuring
17 and improving a site for an athletic field, or improving a
18 site already owned for an athletic field, and for any one or
19 more of such purposes. Taxes for the payment of said the
20 bonds shall be levied or imposed in accordance with chapter
21 76, and said the bonds shall mature within ~~a period not~~
22 ~~exceeding twenty years from date of issue~~ the period provided
23 in section 76.1, shall bear interest at a rate or rates not
24 exceeding that permitted by chapter 74A, and shall be of such
25 form as the board of directors of such the school district
26 shall by resolution provide, but the aggregate indebtedness of
27 any school district shall not exceed five percent of the
28 actual value of the taxable property within said the school
29 district, as ascertained by the last preceding state and
30 county tax lists.

31 Sec. 11. Section 296.6, Code 1999, is amended to read as
32 follows:

33 296.6 BONDS.

34 If the vote in favor of the issuance of such bonds is equal
35 to at least sixty percent of the total vote cast for and

1 against ~~said~~ the proposition at ~~said~~ the election, the board
2 of directors shall issue the ~~same~~ bonds and make provision for
3 payment thereof of the bonds. However, if the board of
4 directors of a school corporation elects to partially fund the
5 bonds with revenues from a local income surtax, in addition to
6 property tax revenues, the ballot proposition to authorize the
7 issuance of the bonds shall be submitted to the electorate
8 pursuant to section 75.1, subsection 2.

9 Sec. 12. Section 298.14, unnumbered paragraph 1, Code
10 1999, is amended to read as follows:

11 For each fiscal year, the cumulative total of the percents
12 of surtax approved by the board of directors of a school
13 district and collected by the department of revenue and
14 finance under sections 257.21, 257.29, 279.54, and 298.2, and
15 the enrichment surtax under section 442.15, Code 1989, and an
16 income surtax collected by a political subdivision under
17 chapter 422D, shall not exceed twenty percent. In addition,
18 if an income surtax is imposed under section 76.19, the
19 cumulative total of percents of surtax imposed on any taxpayer
20 in a school district under sections 76.19, 257.21, 257.29,
21 279.54, 298.2, 442.15, Code 1989, and chapter 422D shall not
22 exceed twenty percent in the first year in which one or more
23 of these income surtaxes is imposed.

24 Sec. 13. Section 298.18, unnumbered paragraphs 2, 4, and
25 6, Code 1999, are amended to read as follows:

26 The amount estimated ~~and-certified-to-apply-on~~ to pay
27 principal and interest for any one year shall not exceed an
28 amount that could be raised by a property tax levy equal to
29 two dollars and seventy cents per thousand dollars of the
30 assessed valuation of the taxable property of the school
31 corporation except as hereinafter provided.

32 The amount estimated ~~and-certified-to-apply-on~~ to pay
33 principal and interest for any one year may exceed an amount
34 that could be raised by a property tax levy equal to two
35 dollars and seventy cents per thousand dollars of assessed

1 value by the amount approved by the voters of the school
2 corporation, but not exceeding four dollars and five cents per
3 thousand of the assessed value of the taxable property within
4 any school corporation, provided that the qualified voters of
5 such school corporation have first approved such increased
6 amount at a special election, which may be held at the same
7 time as the regular school election. The proposition
8 submitted to the voters at such special election shall be in
9 substantially the following form:

10 Notice of the election shall be given by the county
11 commissioner of elections according to section 49.53. The
12 election shall be held on a date not less than four nor more
13 than twenty days after the last publication of the notice. At
14 such the election the ballot used for the submission of said
15 the proposition shall be in substantially the form for
16 submitting special questions at general elections. The county
17 commissioner of elections shall conduct the election pursuant
18 to the provisions of chapters 39 to 53 and certify the results
19 to the board of directors. ~~Such~~ The proposition shall not be
20 deemed ~~carried-or~~ adopted unless the vote in favor of such the
21 proposition is equal to at least sixty percent of the total
22 vote cast for and against said the proposition at said the
23 election. However, if the board of directors of a school
24 district elects to partially fund the bonds with revenues from
25 a local income surtax, in addition to property tax revenues,
26 the ballot proposition to authorize the issuance of the bonds
27 shall be submitted to the electorate pursuant to section 75.1,
28 subsection 2. Whenever If such a proposition has been
29 approved by the voters of a school corporation as hereinbefore
30 provided, no further approval of the voters of such the school
31 corporation shall be required as a result of any subsequent
32 change in the boundaries of such the school corporation.

33 Sec. 14. Section 298.22, unnumbered paragraph 1, Code
34 1999, is amended to read as follows:

35 ~~All-of-said~~ The bonds shall be substantially in the form

1 provided for county bonds, but subject to changes that will
2 conform them to the action of the board ~~providing-therefor~~;
3 shall ~~run-not-more-than-twenty-years~~ mature within the period
4 provided in section 76.1, and may be sooner paid if so
5 nominated in the bond; bear a rate of interest not exceeding
6 that permitted by chapter 74A, payable semiannually; be signed
7 by the president and countersigned by the secretary of the
8 board of directors; and shall not be disposed of for less than
9 par value, nor issued for other purposes than this chapter
10 provides.

11 Sec. 15. Section 331.442, subsection 4, Code 1999, is
12 amended to read as follows:

13 4. The proposition of issuing bonds for a general county
14 purpose is not ~~carried-or~~ adopted unless the vote in favor of
15 the proposition is equal to at least sixty percent of the
16 total vote cast for and against the proposition at the
17 election. However, if the board elects to partially fund the
18 bonds with revenues from a local income surtax, in addition to
19 property tax revenues, the ballot proposition to authorize the
20 issuance of the bonds shall be submitted to the electorate
21 pursuant to section 75.1, subsection 2. If the proposition of
22 issuing the general county purpose bonds is approved by the
23 voters, the board may proceed with the issuance of the bonds.

24 Sec. 16. Section 331.442, subsection 5, paragraph a,
25 unnumbered paragraph 1, Code 1999, is amended to read as
26 follows:

27 Notwithstanding subsection 2, a board, in lieu of calling
28 an election, may institute proceedings for the issuance of
29 bonds for a general county purpose by causing a notice of the
30 proposal to issue the bonds, including a statement of the
31 amount and purpose of the bonds, the type or types of debt
32 service tax to be levied or imposed to pay principal and
33 interest on the bonds, and the right to petition for an
34 election, to be published as provided in section 331.305 at
35 least ten days prior to the meeting at which it is proposed to

1 take action for the issuance of the bonds subject to the
2 following limitations:

3 Sec. 17. Section 331.447, subsection 1, Code 1999, is
4 amended to read as follows:

5 1. Taxes for the payment of general obligation bonds shall
6 be levied or imposed in accordance with chapter 76, and the
7 bonds are ~~payable from the levy of unlimited ad valorem taxes~~
8 ~~on all the taxable property within the county~~ a debt service
9 property tax or a combination of a debt service property tax
10 and a debt service income surtax, unlimited as to amount,
11 through ~~its~~ the county's debt service fund required by section
12 331.430 except that:

13 a. The amount estimated ~~and certified~~ to apply pay on
14 principal and interest for any one year shall not exceed an
15 amount that could be raised by a debt service property tax
16 levy equal to the maximum rate of tax, if any, provided by
17 this division for the purpose for which the bonds were issued.
18 If general obligation bonds are issued for different
19 categories, as provided in section 331.445, the maximum rate
20 of levies, if any, for each purpose shall apply separately to
21 that portion of the bond issue for that category and the
22 resolution authorizing the bond issue shall clearly set forth
23 the annual debt service requirements with respect to each
24 purpose in sufficient detail to indicate compliance with the
25 rate of tax levy, if any.

26 b. The amount estimated ~~and certified~~ to apply pay on
27 principal and interest for any one year may only exceed an
28 amount that could be raised by a debt service property tax
29 levy equal to the statutory rate of levy limit, if any, by the
30 amount that the registered voters of the county have approved
31 at a special election, which may be held at the same time as
32 the general election and may be included in the proposition
33 authorizing the issuance of bonds, if an election on the
34 proposition is necessary, or may be submitted as a separate
35 proposition at the same election or at a different election.

1 Notice of the election shall be given as specified in section
2 331.305. If the proposition includes issuing bonds and
3 increasing the levy limit, it shall be in substantially the
4 following form:

5 Shall the county of, state of Iowa, be authorized
6 to (here state purpose of project) at a total cost
7 not exceeding \$..... and issue its general obligation bonds
8 in an amount not exceeding \$..... for that purpose, and be
9 authorized to levy annually a debt service property tax (or
10 debt service property tax and income surtax, if applicable),
11 which will produce an amount not exceeding dollars
12 and cents per thousand dollars of the assessed value
13 of the taxable property within the county to pay the principal
14 of and interest on the bonds?

15 If the proposition includes only increasing the levy limit
16 it shall be in substantially the following form:

17 Shall the county of, state of Iowa, be authorized
18 to levy annually a debt service property tax (or debt service
19 property tax and income surtax, if applicable), which will
20 produce an amount NOT exceeding dollars and
21 cents per thousand dollars of the assessed value of the
22 taxable property within the county to pay principal and
23 interest on the bonded indebtedness of the county for the
24 purpose of

25 Sec. 18. Section 331.490, Code 1999, is amended to read as
26 follows:

27 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

28 1. If a county and city have entered into an agreement to
29 create a joint special assessment district and issue county
30 general obligation bonds to fund the costs of a public
31 improvement benefiting that district, the county's debt
32 service property tax levy for the county general obligation
33 bonds shall not be levied against property located in any city
34 except a city which has entered into the agreement, and, if
35 applicable, the county's debt service income surtax for the

1 county general obligation bonds shall not be imposed on
2 taxpayers who reside in any city except a city which has
3 entered into the agreement.

4 2. Counties and cities entering into an agreement for a
5 joint special assessment district may provide in the agreement
6 for a different rate of the county's debt service tax levy
7 against property in areas of the county outside a city and
8 property within the cities, and, if applicable, for a
9 different rate of the county's debt service income surtax to
10 be imposed on taxpayers residing outside the cities and those
11 residing within each city.

12 Sec. 19. Section 384.26, subsections 2 and 4, Code 1999,
13 are amended to read as follows:

14 2. Before the council may institute proceedings for the
15 issuance of bonds for a general corporate purpose, it shall
16 call a special city election to vote upon the question of
17 issuing the bonds. At the election the proposition must be
18 submitted in substantially the following form:

19 Shall the (insert the name of the city) issue
20 its bonds in an amount not exceeding the amount of \$.....
21 for the purpose of, such bonds to be payable from a
22 property tax levied on all taxable property within the city
23 (and income surtax to be imposed on the state income tax of
24 each income taxpayer residing in the city)?

25 4. The proposition of issuing general corporate purpose
26 bonds is not ~~carried-or~~ adopted unless the vote in favor of
27 the proposition is equal to at least sixty percent of the
28 total vote cast for and against the proposition at the
29 election. However, if the city council elects to partially
30 fund the bonds with revenues from a local income surtax, in
31 addition to property tax revenues, the ballot proposition to
32 authorize the issuance of the bonds shall be submitted to the
33 electorate pursuant to section 75.1, subsection 2. If the
34 proposition of issuing the general corporate purpose bonds is
35 approved by the voters, the city may proceed with the issuance

1 of the bonds.

2 Sec. 20. Section 384.26, subsection 5, paragraph a,
3 unnumbered paragraph 1, Code 1999, is amended to read as
4 follows:

5 Notwithstanding the provisions of subsection 2, a council
6 may, in lieu of calling an election, institute proceedings for
7 the issuance of bonds for a general corporate purpose by
8 causing a notice of the proposal to issue the bonds, including
9 a statement of the amount and purpose of the bonds, the type
10 or types of debt service tax to be levied or imposed to pay
11 principal and interest on the bonds, together with the maximum
12 rate of interest which the bonds are to bear, and the right to
13 petition for an election, to be published at least once in a
14 newspaper of general circulation within the city at least ten
15 days prior to the meeting at which it is proposed to take
16 action for the issuance of the bonds subject to the following
17 limitations:

18 Sec. 21. Section 384.32, Code 1999, is amended to read as
19 follows:

20 384.32 TAX TO PAY.

21 Taxes for the payment of general obligation bonds must be
22 levied in accordance with chapter 76, and the bonds are
23 payable from the levy of ~~unlimited-ad-valorem-taxes-on-all-the~~
24 ~~taxable-property-within-the-city~~ a debt service property tax
25 or a combination of a debt service property tax and a debt
26 service income surtax, unlimited as to amount, through its the
27 city's debt service fund authorized by section 384.4.

28 Sec. 22. APPLICABILITY. This Act applies to bond issues
29 approved at elections held on or after the effective date of
30 this Act.

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EXPLANATION

32 Current law requires that general obligation bonds payable
33 with property tax and issued by a county, city, or school
34 district must be approved at election by a 60 percent majority
35 vote. This bill reduces the vote requirement for passage to a

1 simple majority vote if a portion of the bonds to be issued is
2 paid by a local income surtax established in the bill.

3 The bill requires that at least 60 percent of the principal
4 and interest on the bonds be paid by the local income surtax.
5 The bill also limits to 20 percent the cumulative rate of all
6 local income surtaxes that may be imposed on any one taxpayer.

7 The bill increases from six months to 12 months the amount
8 of time before a defeated bond issuance proposition may be
9 placed on the ballot again.

10 The bill applies to bond issuance elections held on or
11 after the effective date of the bill.

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